STATEMENT-II

Rural Centres in Bihar in respect of which Reserve Bank of India have Granted Authorisations to Public Sector Banks for Opening Branches

Name of Centre	Name of District	Name of Bank
1. East Basuriya	Dhanbad	State Bank of India
2. Sudamdih Project	Dhanbad	UCO Bank
3 Belhari	Saran	Punjab National Bank
4. Turamdih, (Village Purihasa)	Singhbum	State Bank of India
5. Jojbera	Singhbhum (E)	State Bank of India
6. Kulde	Singhbhum (W)	Bank of India
7 Murathakura	Singhbhum (E)	Bank fo India
8. Matiabandhi	Singhbhum (E)	Bank of India

[English]

Bank frauds

407 SHRI SANAT KUMAR MANDAL Will the Minister of FINANCE be pleased to state

(a) whether there has recently been a rising in bank frauds involving foreign and national banks since the implementation of the new economic policy,

(b) if so, the modus-operandi followed in siphoning off hundreds of crores of rupees in connivance with the senior bank managers,

(c) the steps taken by the Government to check this rising trend,

(d) whether the report on the multi-crore bank scam in Calcutta has since been received and examined, and

(e) if so, the outcome thereof and the follow-up action taken thereon?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) (a) The number of frauds and amounts involved therein that occurred in public sector banks and foreign banks as reported by the RBI during the years 1990 to 1995 are as follows

(Amount in Rs crores)

Year	Public sector banks		Foreign Banks	
	No	Amount	No	Amount
1990	1687	105 93	29	0 20
1991	1559	65 41	32	0 17
1992	1717	144 49	59	0 71
1993	2213	320 32	167	9 05
1994	2266	200 07	137	2 18
1995	1890	115 51	168	2 35

(Data Provisional)

(b) Withdrawal of deposit accounts through forged instruments fraudulent encashment of negotiable instruments by opening accounts in fictitious names misappropriation through manipulation of books of accounts frauds in clearing transactions, misuse/overstepping of lending discretionary power and frauds in foreign exchange by providing fake import bills etc are some of the methods used in perpetrating of the frauds

(c) The public Sector banks at the instance of Government and RBI have taken several steps from time to time for checking corruption and prevention of frauds These steps include issue of comprehensive guidelines by RBI for strengthening the control mechanism in banks review of fraud cases on a continual basis by RBI advising the banks of modus-operandi in ingenious cases alongwith required safeguards to prevent their recurrence, proper training of operational personnel and investigations and scrutiny into reported cases of major frauds as well as snap inspections covering systems and procedures and control arrangements in fraud prone areas by the Department of Supervision in RBI, etc

(d) and (e) RBI has reported that reports giving the details of the fraud, modus-operandi used amounts involved steps taken to recover the banks funds involved and staff accountability etc have been received from the banks concerned The reports received indicate serious irregularities on the part of the officials such as issue of Fixed Deposit Receipts Bankers' Cheques without consideration drawals against uncleared effects unauthorised overdrafts against third party FCNR deposits/factious deposit receipts, etc These reports also indicate failure of internal control machinery to detect these fraudulent transactions

RBI has circulated the modus-operandi adopted by fraudsters to all commercial banks and has also circulated a list of companies/individuals suspected to be involved and have advised the banks to exercise caution while dealing with them. Banks have also been advised to take action against controlling officers for their failure to detect the fraud at the early stages besides action against staff directly involved. CBI is also investigating the fraud.

Rental Accommodation of United India Insurance Co. Ltd.

408. SHRI SOUMYA RANJAN : Will the Minister of FINANCE be pleased to state :

(a) whether the United India Insurance Company Ltd. has taken the residential premises of its Directors or their spouses on rent;

(b) if so, the details thereof;

(c) since when those premises have been used as Transit Camp/Guest Houses and the amount of rent paid and other expenses incurred on such premises from 1992 to June, 1996 year-wise;

(d) whether the benefits acquired by the Directors have been disclosed in the Balance Sheets of Insurance Company as per requirements of Companies Act, 1956;

(e) if so the details thereof; and

(f) if not, the reasons therefor and the action taken or proposed to be taken against the persons responsible for the lease?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) to (c). The United India Insurance Company Limited (UIIC) has reported that it has a Transit Camp at Hyderabad since 1986. The owner of the earlier premises wanted the premises for his personal occupation. Besides, the premises became unsuitable for a Transit Camp on account of acute water shortage. The UIIC has acquired on lease basis, the present premises at Hyderabad which belongs to the part-time Nominee Director of the Government on its Board after advertising for a new premises in September, 1993, and after evaluating through a recognised valuer the fair market rent of the premises and following other procedural requirements of the company. Under the Companies Act, 1956 there is no prohibition for leasing out his premises even by a full-time Director to the Company on the Board on which he is represented. As against the fair market rent of Rs. 12,100/- per month assessed by the valuer the company hired the accommodation only at Rs. 10,200/- per month w.e.f. December 1993. This works out to a little over Rs. 3/- per square foot. Taxes and other expenses are borne by the landlord.

(d) Section 211 of the Companies Act 1956 does not apply to insurance companies, who will have to prepare their balance sheets as per the provisions of Schedule-I of the Insurance Act 1938 in which there is no separate provision for disclosure of rental income reveived by a Director from the premises owned by him and let out to the company.

(e) and (f). Do not arise.

[Translation]

Pending Cases in Courts

409 PROF RASA SINGH RAWAT :
SHRI E AHMED :
SHRI JAGMOHAN :

Will the Minister of LAW AND JUSTICE be pleased to state :

(a) the scheme of the Government to provide easy, inexpensive and early justice to the public, and

(b) the number of cases lying pending in high courts and Supreme Court of the country till date, State-wise?

THE MINISTER OF STATE OF THE DEPARTMENT OF LEGAL AFFAIRS, LEGISIATIVE DEPARTMENT AND DEPARTMENT OF JUSTICE (SHRI RAMAKANT D KHALAP) : (a) To make an in-depth study of the problem of arrears in courts, a Committee of three Chief Justices of High Courts (Justice Malimath Committee) was constituted by the Government in 1989. The committee has made several recommendations on various aspects covering jurisdictional and procedural modifications, the improvements in the judiciary, the setting up of specialised bodies such as tribunals/commissions to deal with specific types of cases, the fixation of Judges strength and appointment of Judges in High Courts, the creation of more posts in the Subordinate judiciary and a number of other general recommendations relating to modernisation of office equipment in courts and allocation of more funds to the judiciary These recommendations were forwarded inter-alia to all the concerned State Governments and the High Courts for necessary follow-up action